Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

RECEIVED

DEC 23 1998

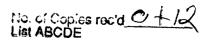
In the Matter of)	CRITICE OF THE SECRETARY
)	
Applications of GTE Corporation)	CC Docket No. 98-184
and Bell Atlantic Corporation)	
for Consent to Transfers of)	
FCC Licenses and Authorizations)	

REPLY COMMENTS OF THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

The Commonwealth of the Northern Mariana Islands ("Commonwealth"), by its attorney, hereby submits its reply comments with respect to the above-captioned applications for consent to transfer control of the licenses of GTE Corporation ("GTE") and its operating subsidiaries from GTE to Bell Atlantic Corporation ("Bell Atlantic").

As indicated below and in its Petition to Condition Grant ("Petition") filed in this proceeding on November 23, 1998, the Commonwealth believes that any approval of the proposed Bell Atlantic/GTE merger should be conditioned on strong measures designed to open local telecommunications markets to competition. As a number of parties filing on November 23, 1998 contend, such conditions should be at least as rigorous as those imposed by the Commission in its Bell Atlantic/NYNEX Order.² Further, as addressed below, the Commission

² <u>In Re NYNEX Corporation Transferor</u>, and Bell Atlantic Corporation Transferee, For Consent to Transfer Control of NYNEX Corporation and Its Subsidiaries, <u>Memorandum Opinion and Order</u>, 12 FCC Rcd. 19985, 20107 (1997)("<u>Bell Atlantic/NYNEX Order</u>").



¹ <u>See</u> Applications for Transfer of Control of GTE Corporation and Bell Atlantic Corporation (Oct. 2, 1998). <u>See also</u> GTE Corporation and Bell Atlantic Corporation Seek FCC Consent for a Proposed Transfer of Control and Commission Seeks Comment on Proposed Protective Order Filed by GTE and Bell Atlantic, <u>Public Notice</u>, CC Dkt. No. 98-184, DA 98-2035 (Oct. 8, 1998).

must also consider the proposed merger's likely impact upon customer service quality.

I. BACKGROUND

In its Petition, the Commonwealth urged the Commission to impose appropriate and necessary conditions prior to approving the proposed merger. In particular, the Commonwealth maintained that Bell Atlantic/GTE should be required to commit to 1) maintaining *fully* integrated rates across all affiliated companies covering *all* services offered (including Commercial Mobile Radio Services) and 2) at a minimum, the conditions contained in the Commission's authorization of the Bell Atlantic/NYNEX merger as well as other necessary conditions. In support of the first condition, the Commonwealth's Petition highlighted the importance of ensuring full compliance with the national policy of rate integration, while, in support of the second condition, its Petition stressed the lack of local competition in the Commonwealth notwithstanding the fact that the GTE affiliate which provides local telephone service in the Commonwealth, Micronesian Telecommunications Corporation, has received at least two interconnection requests.

II. APPROVAL SHOULD BE CONDITIONED ON STRONG MEASURES DESIGNED TO OPEN LOCAL TELECOMMUNICATIONS MARKETS TO COMPETITION

Several parties contend that the transaction should be conditioned upon strong measures designed to open local markets on a broad-scale basis to competition.³ For example, according to the Public Utility Commission of Texas, "we advocate preconditioning approval of the merger

³ <u>See, e.g.,</u> Comments of the Public Utility Commission of Texas at 8 (filed Nov. 23, 1998); GST Telecom Inc.'s Comments in Opposition to the Transfer of Control at 9 (filed Nov. 23, 1998).

on affirmative proof that GTE-SW's local markets are irrevocably open to competition."⁴ The Commonwealth supports this position which is consistent with its request that approval of the proposed transaction be premised on conditions which will promote competition in local telecommunications markets.

Like the Commonwealth, a number of parties also take the position that any conditions imposed on the proposed transaction should be at least as demanding as those imposed by the Commission in the Bell Atlantic/NYNEX transaction. For example, the Telecommunications Resellers Association (TRA) states that "the Commission should require commitments no less compelling, and indeed, should impose conditions substantially more demanding, than those extracted from Bell Atlantic and NYNEX...." TRA justifies its position by pointing to the dwindling number of large incumbent LECs and the need for additional reforms to realize broad scale local competition. RCN Telecom Services, Inc. proposes numerous additional conditions designed to facilitate and promote local competition which transcend the requirements imposed on the Bell Atlantic/NYNEX transaction.⁶ The Commonwealth concurs that any conditions imposed on the instant transaction must be at least as rigorous as those imposed on the Bell Atlantic/NYNEX transaction. In light of the greater competitive concerns the instant transaction presents, the Commission must necessarily give careful consideration to proposed conditions, beyond those adopted in the Bell Atlantic/NYNEX Order, designed to foster broadscale local competition.

⁴ Comments of the Public Utility Commission of Texas at 8.

⁵ Comments of the Telecommunications Resellers Association (filed Nov. 23, 1998) at 2-3.

⁶ Comments of RCN Telecom Services, Inc. (filed Nov. 23, 1998) at 21-28.

III. THE PROPOSED MERGER'S IMPACT UPON SERVICE OUALITY MUST BE CAREFULLY CONSIDERED

As several parties submitting filings on November 23, 1998 demonstrate, the Commission must take into account the proposed merger's impact on service quality and carefully assess whether specific service quality commitments are warranted. The Commonwealth concurs.

In their November 23, 1998 submissions, several parties express concern over the proposed Bell Atlantic/GTE merger's potential to degrade service quality.⁷ According to the Comments of the Consumer Groups,

The planned expansion into other RBOCs' regions would likely be accomplished with revenues derived from the Joint Applicants' captive ratepayers. This could be compounded by deterioration of service quality to the Joint Applicants' current customers and a reduction in commitment to universal service within their current service territories, as the merged company shifts its focus to expansion outside its territory.⁸

In her testimony before the Commission's En Banc hearing on December 14, 1998, Regina Costa of The Utility Reform Network supplies direct evidence of this shift in focus and the concomitant deterioration in service quality in the case of the 1997 merger of Pacific Telesis Group and SBC Communications, Inc.⁹ According to Ms. Costa, following that 1997 merger, customer complaints before the California Public Utilities Commission increased and service deteriorated in other ways. Indeed, Ms. Costa's testimony raises serious questions as to whether

The importance of assessing service quality issues in the context of the Bell Atlantic/GTE merger cannot be underestimated. In his opening statements at the Commission's December 14, 1998 En Banc hearing regarding telecommunications mergers, Chairman William E. Kennard repeatedly emphasizes the importance of a merger's impact on telephone service quality. As he indicates, a merger's impact on service quality should be one of the primary questions addressed in analyzing a proposed merger under the public interest standard.

⁸ Comments of Consumer Groups (filed Nov. 23, 1998) at ii-iii.

⁹ In Re Pacific Telesis Group and SBC Communications, Inc., 12 FCC Rcd 2624 (1997).

consumers were affirmatively harmed by that merger, emphasizing the need for a careful assessment of service quality impact in this proceeding.

Finally, it must be noted that the proposed Bell Atlantic/GTE merger also threatens service quality by curtailing the Commission's ability to adequately monitor service quality. In its <u>Bell Atlantic/NYNEX Order</u>, the Commission acknowledges this adverse effect of large incumbent local exchange carrier mergers:

a decrease in the number of Bell Companies impairs the Commission's ability to monitor service quality....If the number of large incumbent LECs is reduced, the Commission would obtain service quality information from fewer independent entities. As a result, the commission would have fewer diverse sources of information about the service quality of incumbent LECs.¹⁰

The Commonwealth, therefore, believes that the proposed merger's impact upon service quality levels--and the Commission's ability to effectively monitor them--should be carefully considered.

IV. CONCLUSION

As the Commonwealth demonstrates in its Petition, the proposed transaction should be conditioned upon implementation of conditions designed to ensure that consumers in the Commonwealth receive the full benefits of both low, fully integrated rates and local telecommunications competition. Approval should be conditioned on strong measures—at least as rigorous as those imposed in the <u>Bell Atlantic/NYNEX Order</u>—designed to open local markets

¹⁰ Bell Atlantic/NYNEX Order at 20060.

to competition. Finally, the Commission should carefully consider the proposed merger's impact upon service quality issues.

Respectfully submitted,

Thomas K. Crowe

LAW OFFICES OF THOMAS K. CROWE,

P.C.

2300 M Street, N.W.

Suite 800

Washington, D.C. 20037

(202) 973-2890

COUNSEL FOR THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

December 23, 1998

CERTIFICATE OF SERVICE

I, Melissa Sheehy, a paralegal with the Law Offices of Thomas K. Crowe, P.C., do hereby certify that on this 23rd day of December, 1998, a copy of the foregoing "Reply Comments of the Commonwealth of the Northern Mariana Islands" was served by first class United States mail, postage pre-paid, or by hand delivery where indicated by an asterisk (*), upon the parties listed below.

Chairman William E. Kennard* Federal Communications Commission 1919 M Street, N.W., Room 814 Washington, D.C. 20554

Commissioner Susan Ness*
Federal Communications Commission
1919 M Street, N.W., Room 832
Washington, D.C. 20554

Commissioner Michael K. Powell* Federal Communications Commission 1919 M Street, N.W., Room 844 Washington, D.C. 20554

Commissioner Gloria Tristani*
Federal Communications Commission
1919 M Street, N.W., Room 826
Washington, D.C. 20554

Commissioner Harold Furchtgott-Roth* Federal Communications Commission 1919 M Street, N.W., Room 802 Washington, D.C. 20554

Lawrence E. Strickling*
Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 500
Washington, D.C. 20554

James D. Schlichting*
Deputy Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 500
Washington, D.C. 20554

Yog Varma*
Deputy Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 500
Washington, D.C. 20554

Carol Mattey*
Chief
Policy and Program Planning Division
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 544
Washington, D.C. 20554

Janice Myles*
Policy and Program Planning Division
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 544
Washington, D.C. 20554

Michael Kende*
Policy and Program Planning Division
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 544
Washington, D.C. 20554

To-Quyen Truong*
Policy and Program Planning Division
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 544
Washington, D.C. 20554

Kent R. Nilsson*
Deputy Chief, Network Services Division
Common Carrier Bureau
Federal Communications Commission
2000 M Street, N.W., Room 235-A
Washington, D.C. 20554

Regina Keeney*
Chief, International Bureau
Federal Communications Commission
2000 M Street, N.W., Room 800
Washington, D.C. 20554

Jeanine Poltronieri*
Wireless Telecommunications Bureau
Federal Communications Commission
2025 M Street, N.W., Room 5002
Washington, D.C. 20554

Daniel Phythyon*
Chief, Commercial Wireless Division
Wireless Telecommunications Bureau
Federal Communications Commission
2100 M Street, N.W., Room 700
Washington, D.C. 20554

William P. Barr Executive Vice President-Government and Regulatory Advocacy and General Counsel GTE Corporation One Stamford Forum Stamford, CT 06904

James R. Young
Executive Vice President-General Counsel
Bell Atlantic Corporation
1095 Avenue of the Americas
New York, NY 10036

Walter Fields
New Jersey Coalition for Local Telephone
Competition
P.O. Box 8127
Trenton, NJ 08650

Sandy Ibaugh
Director
Telecommunications Division
Indiana Utility Regulatory Commission
302 W. Washington Street, Room E306
Indianapolis, IN 46204

Russell M. Blau
William L. Fishman
Antony Richard Petrilla
Counsel for RCN Telecom Services, Inc.
Swidler Berlin Shereff Friedman, L.L.P.
3000 K Street, N.W., Suite 300
Washington, D.C. 20007

Joseph Kahl
Director of Regulatory Affairs
RCN Telecom Services, Inc.
105 Carnegie Center, 2nd Floor
Princeton, NJ 08540

Charles C. Hunter
Catherine M. Hannan
Counsel for Telecommunications Resellers
Association
Hunter Communications Law Group
1620 I Street, N.W.
Suite 701
Washington, D.C. 20006

Barry Pineles, Esq. Regulatory Counsel GST Telecom Inc. 4001 Main Street Vancouver, WA 98663

Robert V. Zener, Esq. Of Counsel for GST Telecom Inc. Swidler Berlin Shereff Friedman, LLP 3000 K Street, N.W., Suite 300 Washington, D.C. 20007 Gene Kimmelman
Co-Director
Consumers Union
1666 Connecticut Avenue, N.W.
Suite 310
Washington, D.C. 20009

Dr. Mark Cooper Research Director Consumer Federation of America 1424 16th Street, N.W. Suite 604 Washington, D.C. 20036

Dana Frix
Douglas G. Bonner
Counsel for Hyperion Telecommunications,
Inc.
Swidler Berlin Shereff Friedman, L.L.P.
3000 K Street, N.W., Suite 300
Washington, D.C. 20007

Janet S. Livengood, Esq.
Director of Legal and Regulatory Affairs
Hyperion Telecommunications, Inc.
DDI Plaza Two
500 Thomas Street, Suite 400
Bridgeville, PA 15017-2838

Robert J. Aamoth
Melissa M. Smith
Counsel for The Competitive
Telecommunications Association
Kelley Drye & Warren LLP
1200 19th Street, N.W., Suite 500
Washington, D.C. 20036

Genevieve Morelli
Executive Vice President and General
Counsel
The Competitive Telecommunications
Association
1900 M Street, N.W., Suite 800
Washington, D.C. 20036

Pat Wood, III Chairman Public Utility Commission of Texas 1701 N. Congress Avenue P.O. Box 13326 Austin, TX 78711-3326

Judy Walsh Commissioner Public Utility Commission of Texas 1701 N. Congress Avenue P.O. Box 13326 Austin, TX 78711-3326

George Kohl
Senior Executive Director
Communications Workers of America
501 Third Street, N.W.
Washington, D.C. 20001

Eric J. Branfman Morton J. Posner Counsel for WorldPath Internet Services Swidler Berlin Shereff Friedman, LLP 3000 K Street, N.W. Suite 300 Washington, D.C. 20007

Brad E. Mutschelknaus Andrea D. Pruitt Counsel for E.Spire Communications, Inc. Kelley Drye & Warren LLP 1200 19th Street, N.W. Suite 500 Washington, D.C. 20036

Riley M. Murphy
James F. Falvey
E.Spire Communications, Inc.
133 National Business Parkway
Suite 200
Annapolis, MD 20701

Russell M. Blau
Robert V. Zener
Counsel for Focal Communications
Corporation
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W.
Suite 300
Washington, D.C. 20007

Renee Martin
Richard J. Metzger
Focal Communications Corporation
200 N. LaSalle Street, Suite 820
Chicago, IL 60601

Lisa B. Smith
R. Dale Dixon, Jr.
MCI Worldcom, Inc.
1801 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

David N. Porter Richard S. Whitt MCI Worldcom, Inc. 11200 Connecticut Avenue, N.W. Washington, D.C. 20036

Anthony C. Epstein
John B. Morris, Jr.
Stuart M. Rennert
Jenner & Block
601 Thirteenth Street, N.W.
Washington, D.C. 20005

Philip L. Verveer
Sue D. Blumenfeld
Michael G. Jones
Angie W. Kronenberg
A. Renee Callahan
Jay T. Angelo
Counsel for Sprint Communications
Company
Willkie Farr & Gallagher
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20036

David W. Carpenter
Peter D. Keisler
C. Frederick Beckner III
Michael J. Hunseder
Counsel for AT&T Corporation
Sidley & Austin
Chicago, IL 60604

Patricia A. Stowell Public Advocate Division of the Public Advocate 820 N. French Street 4th Floor Wilmington, DE 19801

Charles W. Totto
Department of Commerce and Consumer
Affairs
State of Hawaii
250 S. King Street, #825
Honolulu, HI 96813

Indiana Office of Utility Consumer Counselor John Cook, Assistant Consumer Counselor 100 North Senate Avenue, Room N501 Indianapolis, IN 46204 Wayne R. Jortner Counsel Maine Public Advocate Office 112 State House Station Augusta, ME 04333

Therese V. Czarski Assistant People's Counsel Maryland People's Counsel 6 St. Paul Street, Suite 2102 Baltimore, MD 21202

Martha S. Hogerty
Michael F. Dandino
Office of the Public Counsel
State of Missouri
Harry S. Truman Building, Suite 250
P.O. Box 7800
Jefferson City, MO 65102

Lawanda Gilbert
Assistant Deputy Ratepayer Advocate
New Jersey Division of the Ratepayer
Advocate
31 Clifton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Robert S. Tongren
Ohio Consumers' Counsel
Joseph P. Serio
Terry L. Etter
Assistant Consumers' Counsel
77 South High Street, 15th Floor
Columbus, OH 43266

Robert T. Jenks Executive Director Citizens' Utility Board of Oregon 921 Southwest Morrison, Suite 511 Portland, OR 97205 The South Carolina Department of Consumer Affairs
Philip S. Porter, Consumer Advocate
Nancy Vaughn Coombs, Deputy Consumer
Advocate
Elliott F. Elam, Jr., Staff Attorney
2801 Devine Street
P.O. Box 5757
Columbia, SC 29250

Texas Office of the Public Utility Counsel Rick Guzman Assistant Public Utility Counsel P.O. Box 12397 Austin, TX 78711

Billy Jack Gregg Gene W. Lafitte, Jr. Consumer Advocate Division of the Public Service Commission of West Virginia 700 Union Building Charleston, WV 25301

Kathleen F. O'Reilly Michigan Consumer Federation 414 "A" Street, S.E. Washington, D.C. 20003

Ellis Jacobs, Esq.
Dayton Legal Aid Society
333 West 1st Street, Suite 500
Dayton, OH 45402

Angela D. Ledford Executive Director Keep America Connected P.O. Box 27911 Washington, D.C. 20005

Kim D. Wallace Public Policy Coordinator Alpha One 127 Maine Street South Portland, ME 04106 Sheldon E. Steinbach Vice President & General Counsel American Council on Education One Dupont Circle, N.W. Washington, D.C. 20036

Florence Rice, President Harlem Consumer Education Council Triborough Station P.O. Box 1165 New York, NY 10035

Ann Gross
National Association of College and
University Business Officers
2501 M Street, N.W., Suite 400
Washington, D.C. 20037

Patricia T. Hendel President National Association of Commissions for Women 8630 Fenton Street, Suite 934 Silver Spring, MD 20910

Aliceann Wohlburck
Executive Director
National Association of Development
Organizations
444 North Capitol Street, N.W., Suite 630
Washington, D.C. 20001

Garry A. Mendez, Jr. Executive Director The National Trust for the Development of African American Men 6811 Kenilworth Road Riverdale, MD 20737

Milton J. Little, Jr. Executive Vice President National Urban League 120 Wall Street New York, NY 10005 Cherly Heppner
Executive Director
Northern Virginia Resource Center for the
Deaf and Hard of Hearing Persons
10363 Democracy Lane
Fairfax, VA 22030

Jordan Clark President United Homeowners Association 655 15th Street, N.W., Suite 460 Washington, D.C. 20005

Anne Werner
President & CEO
United Seniors Health Cooperative
409 Third Street, S.W.
Second Floor
Washington, D.C. 20024

Deborah Kaplan Executive Director World Institute on Disability 510 16th Street Oakland, CA 94612

Eric J. Branfman
Harry Malone
Counsel for State Communications, Inc.
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W.
Suite 300
Washington, D.C. 20007

Irvin W. Maloney Board Director Occidental Petroleum Corp. 1640 Stonehedge Road Palm Springs, CA 92264 J.J. Barry
President
International Brotherhood of Electrical
Workers
1125 Fifteenth Street, N.W.
Washington, D.C. 20005

Thomas A. Hart, Jr. Counsel for Rainbow/Push Coalition Shook, Hardy & Bacon 1850 K Street, N.W., Suite 900 Washington, D.C. 20006

Todd McCracken President National Small Business United 1156 15th Street, N.W. Suite 1100 Washington, D.C. 20005

Mary C. Albert Counsel for KMC Telecom, Inc. Swidler Berlin Shereff Friedman, LLP 3000 K Street, N.W. Suite 300 Washington, D.C. 20007

Alan Y. Naftalin Counsel for U.S. Cellular Corp. Koteen & Naftalin, LLP 1150 Connecticut Avenue, N.W. Washington, D.C. 20036

Maureen Lewis General Counsel Alliance for Public Technology P.O. Box 27146 Washington, D.C. 20038-7146 Scott Blake Harris
Johnathan B. Mirsky
Counsel for Pilgrim Telephone, Inc.
Harris, Wiltshire & Gannis, LLP
1200 Eighteenth Street, N.W.
Washington, D.C. 20036

William L. Fishman Counsel for CTC Communications, Corp. Swidler Berlin Shereff Friedman, LLP 3000 K Street, N.W. Suite 300 Washington, D.C. 20007

Eric J. Branfman
Eric N. Einhom
Counsel for PaeTec Communications, Inc.
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W.
Suite 300
Washington, D.C. 20007

Leonard J. Kennedy
David E. Mills
Laura H. Phillips
Counsel for Triton PCS, Inc.
Dow, Lohnes & Albertson, PLLC
1200 New Hampshire Avenue, N.W.
Suite 800
Washington, D.C. 20036

Dana Frix
Counsel for US Xchange L.L.C.
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W.
Suite 300
Washington, D.C. 20007

David T. Easter Executive Vice President, Development US Xchange L.L.C. 20 Monroe Avenue, N.W. Grand Rapids, MI 49503 James L. Gattuso
Vice President for Policy and Management
Competitive Enterprise Institute
1001 Connecticut Avenue, N.W.
Suite 1250
Washington, D.C. 20036

John Vitale Managing Director Bear Stearns & Co. 245 Park Avenue New York, NY 10167

Cherie R. Kiser
Uzoma C. Onyeije
Counsel for Cablevision Lightpath, Inc.
Mintz, Levin, Cohn, Ferris, Glovsky and
Popeo, P.C.
701 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

David Ellen, Esq.
Senior Counsel
Cablevision Lightpath, Inc.
One Media Crossways
Woodbury, NY 11797

Judith D. O'Neill Counsel for Tricom USA, Inc. Thelen Reid & Priest, LLP Market Square, Suite 800 701 Pennsylvania Avenue, N.W. Washington, D.C. 20004

Therence J. Ferguson Sr. Vice President Level 3 Communications, LLC 3555 Farnam Street Omaha, NE 68131 Christopher A. Holt Assistant General Counsel CoreComm Incorporated 110 East 59th Street New York, NY 10022

Eric J. Branfman Counsel for CoreComm Ltd. Swidler Berlin Shereff Friedman, LLP 3000 K Street, N.W. Suite 300 Washington, D.C. 20007

Martin O'Riordan
Director, Worldwide Telecommunications
EMC Corporation
171 South Street
Hopkinton, MA 01748

Linda F. Golodner President National Consumers League 1701 K Street, N.W. Suite 1200 Washington, D.C. 20006

Mark E. Buechele, Esq.
General Counsel
Supra Telecommunications & Information
Systems
2620 S.W. 27th Avenue
Miami, FL 33133

Eric Branfman
Morton J. Posner
Counsel for Freedom Ring Communications,
LLC
d/b/a Bay Ring Communications
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W.
Suite 300
Washington, D.C. 20007

Antony Richard Petrilla Counsel for RCN Telecom Services, Inc. Swidler Berlin Shereff Friedman, LLP 3000 K Street, N.W. Suite 300 Washington, D.C. 20007

ITS 1231 20th Street, N.W. Washington, D.C. 20036

Melissa Sheehy